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# 29th Annual Report

## REVIEW IN BRIEF

	1971	1970
Tons ore milled — total . . . .	403,819	424,774
Grade of mill feed . . . . .	0.62	0.61
Ounces gold recovered . . . . .	217,702	228,732
Gross value of production . . .	\$8,445,000	\$8,418,000
Operating income before write-offs . . . . .	1,523,000	1,903,000
Exploration expenditures . . .	353,000	199,000
Income taxes . . . . .	53,000	267,000
Net income . . . . .	762,000	1,335,000
Earnings per share . . . . .	0.18	0.31
Dividends paid per share . . .	0.40	0.40
Capital expenditures . . . . .	40,000	200,000
Working capital at end of year	6,173,000	6,460,000
Average price received per oz. of gold . . . . .	38.47	36.47



# GIANT YELLOWKNIFE MINES LIMITED

Head Office: 7 King Street East, Toronto 1, Ontario

Mine Office: Yellowknife, N.W.T.

## OFFICERS

President and Managing Director	D. R. DeLAPORTE
Vice-President - - - - -	G. P. MITCHELL
Secretary - - - - -	A. C. CALLOW
Treasurer and Controller - - -	J. D. KRANE
Assistant Treasurer - - - - -	J. F. GILLIES

## DIRECTORS

A. J. ANDERSON	D. R. DeLAPORTE
C. R. ARCHIBALD, Q.C.	E. L. HEALY
B. S. W. BUFFAM	W. F. JAMES
A. C. CALLOW	G. P. MITCHELL
J. DOUGLAS STREIT	

## CONSULTANT

J. M. MORTIMER - - - - - Metallurgical

## TRANSFER AGENTS AND REGISTRARS

THE STERLING TRUSTS CORPORATION  
372 Bay Street, Toronto, Ontario  
REGISTRAR AND TRANSFER COMPANY  
140 Cedar Street, New York 7, N.Y.

## BANKERS

CANADIAN IMPERIAL BANK OF COMMERCE  
Toronto, Ontario

## AUDITORS

THORNE, GUNN, HELLIWELL & CHRISTENSON  
Toronto, Ontario

## SOLICITORS

STRATHY, ARCHIBALD, SEAGRAM & COLE  
Toronto, Ontario

## ANNUAL MEETING OF SHAREHOLDERS

Monday, April 17, 1972 at 10:30 a.m. (E.S.T.)  
Elizabeth Room, King Edward Sheraton Hotel,  
Toronto, Canada.



## REPORT OF THE DIRECTORS

To the Shareholders:

The activities of your Company during 1971 are presented in the following report.

The figures shown are the consolidated results of the integrated operations of your Company and its subsidiaries, Lolor Mines Limited and Supercrest Mines Limited.

The continued rise of the free market gold price during the year resulted in gold sales being switched from the Royal Canadian Mint to the open market. Lolor sales on the open market commenced in May, and Giant and Supercrest in September. The average revenue per ounce of gold received during the year was \$42.06. This includes E.G.M.A. payments on gold sold to the Mint. The last free market gold sale of the year was made at \$46.07 US per ounce.

Despite the welcome increase in gold price, 1971 earnings declined to \$762,000 from \$1,335,000 in 1970. This decrease was due to a reduction in gold output, increased exploration expense, increased operating costs and higher depreciation and amortization write-offs. The 1971 earnings did not cover the dividends paid.

### OPERATIONS SUMMARY

	1971	1970
<b>Giant</b>		
Tons milled .....	267,128	317,441
Gold ounces recovered .....	141,982	170,500
<b>Lolor</b>		
Tons milled .....	75,209	56,301
Gold ounces recovered .....	39,604	29,527
<b>Supercrest</b>		
Tons milled .....	61,482	51,032
Gold ounces recovered .....	36,116	28,705
<b>Consolidated</b>		
Total tons milled .....	403,819	424,774
Average tons per day .....	1,106	1,164
Calculated mill heads (oz. gold per ton) .....	0.62	0.61
Mill recovery per cent .....	86.89	87.77

Total recovery:	1971	1970
Gold, ounces .....	217,702	228,732
Silver, ounces .....	44,063	41,269
Operating costs per ton before write-offs .....	\$18.84	\$17.62
Gross value of production (before E.G.M.A. payments) ....	\$8,445,058	\$8,418,068

## FINANCIAL SUMMARY

Operating profit before write-offs .....	\$1,523,000	\$1,903,000
Income taxes .....	53,000	267,000
Net income .....	762,000	1,335,000
Earnings per share .....	0.18	0.31
Dividends paid per share .....	0.40	0.40

## ORE POSITION

Reserves of developed ore at the year-end (including a dilution allowance) were estimated to be:

	1971		1970	
	Tons	Oz. Gold per ton	Tons	Oz. Gold per ton
<b>Giant</b>				
Active stopes .....	379,100	0.66	455,800	0.67
Pillars .....	19,200	0.73	47,500	0.77
Other developed ore .....	43,600	0.58	158,900	0.62
	441,900	0.66	622,200	0.67
<b>Lolor</b>				
Active stopes .....	128,100	0.67	251,000	0.67
Other developed ore .....	5,000	0.53	5,100	0.54
	133,100	0.66	256,100	0.67
<b>Supercrest</b>				
Active stopes .....	106,200	0.70	124,000	0.65
Pillars .....	17,600	0.71	5,900	0.66
Other developed ore .....	—	—	18,300	0.71
	123,800	0.70	148,200	0.66
Total developed ore .....	698,800	0.67	1,066,500	0.67

No significant tonnage of new ore was found on any of the properties despite considerable expenditures on underground exploration. Some additions to Giant and Supercrest developed ore reserves were made through the definition diamond drilling of ore reserve blocks previously listed as probable ore.



## OPERATING COSTS

The consolidated operating cost per ton (before write-offs) increased from \$17.62 in 1970 to \$18.84 in 1971. This increase in unit cost was largely due to the decrease in output. The operating cost per ounce increased for the same reason from \$32.72 in 1970 to \$34.96 in 1971.

## CAPITAL EXPENDITURES

Expenditures on construction and the replacement of fixed assets totalled \$40,000. Details of major items of this expenditure are as follows:

LM-56 mucking machine .....	\$ 9,000
Granby mine cars .....	\$ 7,000
Mill pumps and equipment .....	\$ 9,000

## UNDERGROUND OPERATIONS

### Giant Mine

The tonnage milled declined from 317,441 tons in 1970 to 267,128 tons in 1971. This decrease was principally due to the scheduling of increased production from Lolor and Supercrest. The average grade of production was at 0.612 oz./ton.

Lateral development and raising activity was below normal due to a shortage of skilled development crews.

Diamond drilling activity remained at the 1970 level. However, a much larger percentage of the total footage drilled went into ore definition holes. The number of exploration holes declined from 124 in 1970 to 72. Most of the ore added to reserves was in the A shaft area, which had been inactive for a number of years.

### Lolor Mine

Tonnage milled increased from 56,301 tons in 1970 to 75,209 tons in 1971. The average grade of ore mined improved marginally to 0.606 oz./ton.

Major development of all known Lolor orebodies is substantially complete.

Increased diamond drilling resulted in only minor changes to the ore reserve picture.

### Supercrest Mine

61,482 tons averaging 0.677 oz./ton were milled and was substantially higher than the 1970 production.

The increase in the production rate was necessary to balance the increase in the Lower Supercrest Block ore reserves added by the 1971 definition drilling programme, so that the operating life of this part of the property would match that of Giant and Lolor.

Lateral development declined below, and raising increased above the comparable 1970 figures.

Diamond drilling activity declined.

## **OUTSIDE EXPLORATION**

With the progressive reduction in developed ore reserves the future of the Company will depend on the results of the extensive exploration programme.

### **Northbelt Yellowknife Mines Limited**

A field study of the Northbelt property was made to follow-up the detailed air photo interpretation completed in 1970. This study was supplemented by some geochemical work. Some interesting anomalous results were obtained and further work is being considered.

Expenditures in 1971 were \$19,427 bringing the total outlay to \$253,641.

As of December 31, 1971, Giant held a 52.6% share interest in the capital of Northbelt.

### **Other Areas**

The Exploration Department conducted a major airborne geophysical programme on the Company's prospecting permits in the Perry River area. About \$300,000 was spent on this programme.

It is planned to do ground geophysics and diamond drilling during the 1972 field season.

At Spencer Lake forty-two claims on a sulphide showing were optioned but subsequently dropped when field results proved discouraging. South of Reliance on the East Arm of Great Slave Lake near Daisy Lake forty claims were examined with negative results. In the Wildbread Bay area of the East Arm, work continued on copper showings. A small diamond drilling programme will be conducted on this ground during 1972. A number of other prospects were examined but none of these warrant any further work.

## **GENERAL**

The labour situation improved throughout the year. The turnover rate for 1971 was 50% below the 1970 figure.



The 1971 safety record was the best in Giant's history. Only one lost time accident occurred.

## **ACKNOWLEDGEMENTS**

Your Directors gratefully acknowledge the efficient services rendered by Mr. D. J. Emery, Mine Manager, his staff and employees.

On behalf of the Board,

D. R. DeLAPORTE,  
President and Managing Director.

Toronto, Ontario,  
February 21, 1972.



# GIANT YELLOWKNIFE MINES LIMITED

(Incorporated under the laws of Ontario)  
and its subsidiary companies

## CONSOLIDATED BALANCE

	1971	1970 (as restated)
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash .....		\$ 76,325
Bullion at net realizable value .....	\$ 1,667,399	759,132
Short term securities at cost which approximates market value .....	4,659,474	5,112,560
Accounts and accrued interest receivable .....	184,095	190,064
Emergency gold mining assistance receivable .....	477,131	1,025,027
	<u>6,988,099</u>	<u>7,163,109</u>
<b>FIXED ASSETS</b>		
Buildings, machinery and equipment at cost .....	15,004,807	14,996,862
Less accumulated depreciation .....	<u>14,264,276</u>	<u>13,817,635</u>
	740,531	1,179,227
Mining claims and properties at cost, less depletion (note 2) .....	741,759	847,801
	<u>1,482,290</u>	<u>2,027,028</u>
<b>OTHER ASSETS</b>		
Supplies at average cost .....	815,764	779,727
Shares in and advances to other mining companies at cost .....	304,195	303,195
Other assets and deferred charges .....	392,489	510,690
	<u>1,512,448</u>	<u>1,593,612</u>
	<u>\$ 9,982,837</u>	<u>\$10,783,748</u>

## AUDITORS' REPORT

To the Shareholders of  
GIANT YELLOWKNIFE MINES LIMITED

We have examined the consolidated balance sheet of Giant Yellowknife Mines Limited and its subsidiary companies as at December 31, 1971 and the consolidated statements of income, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1971 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles which, after giving retroactive effect to the change in accounting practice set out in note 2 to the financial statements, have been applied on a basis consistent with that of the preceding year.

Toronto, Canada  
January 28, 1972

THORNE, GUNN, HELLIWELL & CHRISTENSON,  
Chartered Accountants.



# HEET—DECEMBER 31, 1971

(with comparative figures at December 31, 1970)

LIABILITIES		
	1971	1970 (as restated)
<b>CURRENT LIABILITIES</b>		
Bank indebtedness	\$ 41,385	
Accounts payable and accrued liabilities	610,405	\$ 523,890
Income taxes payable	141,140	164,302
Government royalties payable	22,034	14,356
	<u>814,964</u>	<u>702,548</u>
<b>MINORITY INTEREST</b>		
Interest of minority shareholders in subsidiary companies	<u>440,213</u>	<u>394,285</u>
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock		
Authorized — 4,500,000 shares without par value		
Issued — 4,303,050 shares	5,700,000	5,700,000
Contributed surplus	2,637,276	2,637,276
Retained earnings	390,384	1,349,639
	<u>8,727,660</u>	<u>9,686,915</u>
Approved by the Board:		
D. R. DeLAPORTE, Director.		
B. S. W. BUFFAM, Director.		
	<u>\$ 9,982,837</u>	<u>\$10,783,748</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 1971

### 1. BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of Lolor Mines Limited, in which 87½% of the common shares are held, and Supercrest Mines Limited, in which 50% (332,506 shares) of the 665,010 shares are held.

### 2. DEPLETION OF MINING PROPERTIES

In 1971 the companies adopted the practice of making provision for depletion of mining properties by amortizing the cost of each producing property over its estimated useful life. As a result of this change and its retroactive application

(a) 1971 earnings reflect depletion of \$106,042;

(b) comparative figures for 1970 have been restated to reflect depletion of \$108,610; and

(c) retained earnings at January 1, 1970 has been restated to reflect depletion applicable to prior years, less minority interest therein, of \$1,106,884.

### 3. EMERGENCY GOLD MINING ASSISTANCE

On the basis of reviews by the government Audit Services Bureau, revisions have been made in 1971 of the estimated assistance in respect of prior years. Income for 1970 and retained earnings at beginning of year have been restated to reflect adjustments of assistance, related income taxes and minority interest.

### 4. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

Direct remuneration of directors and senior officers, as defined by The Business Corporations Act, 1970 of Ontario, amounted to \$123,929 for 1971 and \$116,700 for 1970.



# GIANT YELLOWKNIFE MINES LIMITED

(Incorporated under the laws of Ontario)  
and its subsidiary companies (note 1)

## CONSOLIDATED STATEMENT OF RETAINED EARNINGS

Year ended December 31, 1971

(with comparative figures for 1970)

	1971	1970 (as restated)
Balance at beginning of year		
As previously reported	\$2,404,280	\$2,777,311
Deduct adjustments relating to prior years		
Depletion of mining properties (note 2)	1,194,890	1,106,884
Emergency gold mining assistance (note 3)	(140,249)	(65,112)
	1,054,641	1,041,772
As restated	1,349,639	1,735,539
Net income for the year	761,913	1,335,268
	2,111,552	3,070,807
Deduct dividends paid — 40¢ per share	1,721,168	1,721,168
Balance at end of year	\$ 390,384	\$1,349,639

## CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year ended December 31, 1971

(with comparative figures for 1970)

	1971	1970 (as restated)
Source of funds		
From operations		
Net income for the year	\$ 761,913	\$1,335,268
Depreciation, depletion and amortization	611,704	530,145
Minority interest in net income (loss) of subsidiary companies	45,930	(30,951)
	1,419,547	1,834,462
Other sources	54,140	65,351
	1,473,687	1,899,813
Application of funds		
Dividends paid	1,721,168	1,721,168
Additions to fixed assets, less disposals	39,944	200,028
	1,761,112	1,921,196
Decrease in working capital	287,425	21,383
Working capital at beginning of year	6,460,560	6,481,943
Working capital at end of year	\$6,173,135	\$6,460,560



# CONSOLIDATED STATEMENT OF INCOME

Year ended December 31, 1971

(with comparative figures for 1970)

	1971	1970 (as restated)
<b>REVENUE:</b>		
Gold and silver production .....	\$8,445,058	\$8,418,068
Deduct marketing expenses .....	94,870	89,807
	8,350,188	8,328,261
Emergency gold mining assistance .....	783,000	1,059,000
	<u>9,133,188</u>	<u>9,387,261</u>
<b>EXPENSES:</b>		
Operating expenses .....	7,336,290	7,220,602
Government of Canada royalty .....	17,400	5,600
Administrative and corporate expenses .....	256,091	257,790
Depreciation, depletion and amortization of mine development expenditures (note 2) .....	611,704	530,145
	<u>8,221,485</u>	<u>8,014,137</u>
Operating income .....	911,703	1,373,124
Deduct exploration expenditures .....	353,335	198,558
	558,368	1,174,566
Interest earned .....	302,475	396,451
	860,843	1,571,017
Income taxes .....	53,000	266,700
	807,843	1,304,317
Minority interest in net income (loss) of subsidiary companies (note 1) .....	45,930	(30,951)
Net income for the year .....	<u>\$ 761,913</u>	<u>\$1,335,268</u>
Earnings per share .....	<u>\$ .18</u>	<u>\$ .31</u>



## COMPARATIVE STATEMENT OF

Fiscal Year Ended May 31	Tons Milled	Calculated Mill Heads Per Ton	Estimated E.G.M. Assistance	Net Value of Metals Recovered	Average Price Per Ounce of Gold	Operating Cost Before Write-offs	Operating Cost Per Ton
1949	84,886	0.815	\$ 511,020	\$ 1,962,340	\$ 35.00	\$ 1,467,133	\$ 17.28
1950	126,214	0.708	354,326	2,986,457	37.46	1,826,453	14.47
1951	151,814	0.842	267,874	4,158,038	37.35	1,997,073	13.15
June 30							
1952	165,846	0.755	615,000	3,854,137	35.79	2,658,570	16.03
1953	245,559	0.846	680,000	6,012,389	34.20	3,561,546	14.51
1954	275,985	0.785	965,000	6,045,327	34.26	3,704,451	13.42
1955	286,742	0.761	700,000	5,876,857	34.16	3,912,978	13.65
1956	297,582	0.765	120,000	6,235,926	34.76	4,284,385	14.40
1957	309,673	0.795	105,000	6,396,699	33.75	4,234,517	13.67
1958	289,220	0.795	340,000	5,331,448	33.85	3,872,120	13.39
1959	321,002	0.784	280,000	6,397,770	33.81	4,048,047	12.61
June 29							
1960	361,601	0.784	13,687	7,649,230	33.50	4,338,972	12.00
Dec. 31							
1960	181,101	0.795	-----	4,080,679	34.63	2,529,960	13.96
1961	366,515	0.779	-----	8,507,473	35.73	4,755,387	12.97
1962	375,820	0.763	-----	9,445,300	37.56	4,743,728	12.62
1963	388,190	0.713	-----	9,254,173	37.76	4,758,936	12.26
1964	400,606	0.745	-----	10,120,070	37.62	4,789,045	11.95
1965	395,001	0.722	-----	9,565,401	37.68	5,087,109	12.88
1966	384,271	0.652	-----	8,517,823	37.99	5,191,314	13.51
Consolidated							
1967	319,876	0.670	-----	7,204,874	37.99	4,990,864	15.60
1968	374,717	0.634	265,000	8,739,180	41.60	6,005,179	16.03
1969	399,647	0.640	427,000	9,824,021	42.78	7,289,123	18.24
1970	424,774	0.607	1,059,000	8,328,261	36.47	7,483,992	17.62
1971	403,819	0.621	783,000	8,350,188	38.47	7,609,781	18.84
	<u>7,330,461</u>	<u>0.728</u>	<u>\$7,485,907</u>	<u>\$164,844,061</u>	<u>\$ 36.66</u>	<u>\$105,140,663</u>	<u>\$ 14.34</u>



## PRODUCTION AND EARNINGS

Operating Profit Before Write-offs	Operating Profit Per Ton	Write-offs and Outside Exploration	Non-Operating Income	Income Tax	Minority Interest	Net Profit	Dividends Declared
1,006,227	\$ 11.85	\$ 859,567	\$ 6,790	\$ _____	\$ _____	\$ 153,450	\$ _____
1,514,330	12.00	1,039,854	5,237	_____	_____	479,713	_____
2,428,839	16.00	1,254,505	6,334	_____	_____	1,180,668	_____
1,810,567	10.92	1,659,109	7,981	_____	_____	159,439	_____
3,130,843	12.75	1,673,329	4,906	_____	_____	1,462,420	800,000
3,305,876	11.98	1,854,444	22,793	12,000	_____	1,462,225	1,600,000
2,663,879	9.29	1,738,576	14,728	4,000	_____	936,031	1,400,000
2,071,541	6.96	1,354,636	71,219	_____	_____	788,124	1,200,000
2,267,182	7.32	1,355,458	51,901	4,000	_____	959,625	600,000
1,799,328	6.22	1,118,946	59,919	4,000	_____	736,301	1,200,000
2,629,723	8.19	1,096,477	51,060	85,000	_____	1,499,306	1,200,000
3,323,945	9.19	1,243,404	103,858	490,000	_____	1,694,399	1,800,000
1,550,719	8.56	829,368	86,158	_____	_____	807,509	860,541
3,752,086	10.24	1,579,897	160,058	_____	_____	2,332,247	1,936,290
4,701,572	12.51	1,029,749	245,321	(30,477)	_____	3,947,621	3,012,027
4,495,237	11.58	879,752	308,635	_____	_____	3,924,120	4,302,903
5,331,025	13.31	855,679	332,850	_____	_____	4,808,196	4,302,910
4,478,292	11.34	802,319	449,827	580,000	_____	3,545,800	4,302,917
3,326,509	9.55	979,060	308,537	620,000	_____	2,035,986	2,581,752
2,214,010	6.92	948,305	363,849	300,000	(38,458)	1,368,012	1,721,167
2,999,001	8.05	721,400	358,715	720,000	12,267	1,904,049	1,721,168
2,961,898	7.02	837,589	355,624	645,300	(65,372)	1,900,005	1,721,168
1,903,269	4.11	728,703	396,451	266,700	(30,951)	1,335,268	1,721,168
1,523,407	3.77	965,039	302,475	53,000	45,930	761,913	1,721,168
<u>\$67,189,305</u>	<u>\$ 9.17</u>	<u>\$27,405,165</u>	<u>\$4,075,226</u>	<u>\$3,753,523</u>	<u>(\$76,584)</u>	<u>\$40,182,427</u>	<u>\$39,705,179</u>



## MINE OPERATING OFFICIALS

D. J. EMERY	-	-	-	-	-	-	Mine Manager
A. K. CAMPBELL	-	-	-	-	-	General Superintendent	
R. S. BROWN	-	-	-	-	-	Mine Superintendent	
H. E. PAWSON	-	-	-	-	-	Mill Superintendent	
C. M. WILKINSON	-	-	-	-	Electrical Superintendent		
C. E. SPENCER	-	-	-	-	Mechanical Superintendent		
R. W. SPENCE	-	-	-	-	Exploration Superintendent		
J. A. CROSSFIELD	-	-	-	-	Construction Foreman		
M. FRIESEN	-	-	-	-	-	Chief Engineer	
B. F. WATSON	-	-	-	-	-	Mine Geologist	
G. P. LEGAGNEUR	-	-	-	-	-	Projects Geologist	
L. F. G. BORDEN	-	-	-	-	-	Mine Accountant	
J. W. McKAY	-	-	-	-	-	Purchasing Agent	
A. T. RIVETT	-	-	-	-	-	Personnel Supervisor	
R. M. FEATHER	-	-	-	-	-	Safety Director	





GIANT YELLOWKNIFE MINES LIMITED  
LOCATION OF YELLOWKNIFE MINE

SCALE 0 100 200 300 400 MILES









